Congress of the United States
Washington, DC 20515

September 11, 2025

Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Dear Chairman Rosner,

We write to comment on the complaint filed by the North Dakota Public Service Commission regarding the unjust and unreasonable transmission cost allocations in the Midcontinent Independent System Operator (MISO) region. This issue is significant to North Dakota and to our nation's energy future. In fact, North Dakota has long voiced concerns about transmission cost fairness. Last year, North Dakota tried for months to negotiate a different cost allocation formula for MISO's Long Range Transmission Plan that the state is now protesting. Our state was also among the nineteen that challenged the Federal Energy Regulatory Commission's (FERC) Order No. 1920 on regional transmission planning and cost allocation.

These comments reflect our firm agreement with the recent complaint, and the urgent need for FERC to promptly address them. By adjudicating these issues now, FERC can avoid the need for Congress to intervene as we consider permitting reform legislation.

The bulk power system is under increasing strain from the rapid uptake of intermittent wind and solar generation and the concurrent retirement of baseload resources. The North American Electric Reliability Corporation (NERC) warns that two-thirds of our grid is at elevated or high risk of electricity shortfalls. Over the next decade, an estimated 122,000 MW of dispatchable generation is slated to retire even as electricity demand surges due to data centers, electrification, and industrial growth. This trend is particularly acute in the Midwest. NERC has flagged MISO as being the only transmission region at high risk of electricity shortfalls, citing accelerated baseload retirements and inadequate replacement capacity.

As we work to bring more load-serving power online, we must also address the negative incentives created by current transmission cost allocation policies. Under "socialized" regional cost sharing, a state or utility can propose massive transmission expansions (often to support remote wind and solar projects) and spread much of the bill to other states' ratepayers. In MISO, so-called Multi-Value Projects (MVPs) have their costs shared broadly across the footprint. This model was intended to fund projects with widespread benefits. In practice, it has enabled scenarios where states with aggressive renewable energy mandates shift the costs of the transmission needed to meet those goals onto states with different policies and values. This scheme not only disadvantages ratepayers in North Dakota, which has maintained a rational, well-balanced energy policy with no carbon-free mandates, but also shields other states from the consequences of their own costly policies. This policy disguises the true costs of these goals and perpetuates the development of excess intermittent wind and solar capacity that undermines the entire grid.

The $22 billion MISO Tranche 2.1 portfolio is a case in point. According to the complaint, these 24 projects, including a 3,600-mile 765 kV "backbone" line, were designated as MVP transmission. Yet, its primary purpose is to give states like Minnesota, Illinois, and others with aggressive climate mandates access to the remote wind and solar resources needed to achieve these goals. The benefits accrue largely to certain states choosing to enact such policies, but the costs are spread to everyone—a classic cost-shifting inequity.

This not only raises fairness concerns, but it also dulls economic signals. If a state can socialize the expense of distant generation hookups, it has less incentive to consider cheaper or more reliable solutions closer to home. North Dakota's regulators have rightly labeled this outcome "unjust and unreasonable" for our ratepayers. Our Public Service Commission calculated that North Dakotans would pay $5 per month per customer, for decades, to cover these lines, with little to no local benefit.

What's more, some of the supporting analysis used to justify these projects appears deeply flawed. The complaint presents evidence that MISO's modeling assumptions overstated the benefits of the transmission build-out by an order of magnitude. When corrected, the estimated benefits fell far below the project costs, meaning the portfolio should never have qualified as beneficial enough to be regionally socialized. Instead of addressing these concerns, MISO's Board attempted to rebuke their independent Market Monitor, Potomac Economics, by challenging the firm's authority to be involved in transmission planning oversight. In July 2025, FERC denied MISO's petition against Potomac Economics.

In short, the current approach to cost allocation is a subsidy scheme that alleviates certain states of the costs of their most aggressive energy policies. It allows these states to force their utilities into compliance with Renewable Portfolio Standards, while out-of-state ratepayers bear the costs. This approach is corrosive to the cooperative spirit we need in regional planning. It is no wonder that North Dakota, Montana, Mississippi, Louisiana, and Arkansas took the extraordinary step of uniting in a FERC complaint to reclassify those projects and remove them from regional cost sharing. It is uncommon for so many state commissions to band together for a formal FERC action on a planning issue. This underscores the gravity of our concerns. Even states not immediately on the hook, such as Louisiana in MISO's South region, supported the complaint out of concern that the precedent could eventually shift costs their way.

We respectfully urge the Commission to grant the relief sought in the complaint, specifically, to ensure that only those who directly benefit from a transmission project are asked to pay for it. This may require reclassifying or reprioritizing certain planned projects so that cost allocation aligns with benefits received. More broadly, FERC should strengthen its policies to eliminate negative incentives. That means demanding rigorous, transparent cost-benefit analyses for big regional projects and rejecting ones that fail to show broad net benefits—specifically, if a project exists primarily to support one or few states' renewable energy mandates. It also means upholding the principle that states should pay their way, not demand sacrifices from other states.

Order No. 1920 took steps toward involving states in cost allocation agreements, but further action is needed to restore confidence that the process is fair. If the current frameworks, like MISO's tariff rules, allow cost shifts based on nebulous or one-sided benefits (for example, counting a state's policy-driven decarbonization goal as a "benefit" to its neighbors), then those rules need reform. The fact that Order 1920 and 1920-A are under review in the courts shows that the Commission's work here isn't finished.

Congress is following this issue closely. As Members of Congress, we can attest that transmission cost allocation and permitting are front-and-center in ongoing policy discussions. There is bipartisan acknowledgment that our transmission infrastructure needs expansion, but it must be done in a just and principled way, with both reliability and states' rights in mind.

Legislative proposals have already been crafted to tackle some of these concerns. For example, the Energy Permitting Reform Act (EPRA) of 2024 contains provisions to standardize the definition of "transmission benefits" for cost allocation. Under that bill, only widely agreed-upon benefits (improved reliability, congestion reduction, lower losses, etc.) would count toward cost-sharing, and contentious items like state-specific climate policy benefits (e.g. meeting a Renewable Portfolio Standard) would not be included.

The rationale is simple: every electric customer should pay for the upgrades that tangibly improve their access to reliable and affordable electricity, not for another state's policy preferences. This proposed reform shows the direction Congress is prepared to take. If FERC does not act decisively, Congress may step in to legislatively rebalance how transmission costs are allocated. The last thing we want is a patchwork of dissatisfied states or a collapse in public confidence that federal regulators enforce just and reasonable rates.

In closing, we urge FERC to uphold its duty to protect both electric reliability and ratepayer fairness. The Commission should promptly address the issues raised in North Dakota's complaint by reining in unjust cost allocations and scrutinizing the benefit claims of large renewable-driven transmission projects. We need policies that incentivize responsible generation development and transmission buildout, not ones that encourage over-building and cost dumping onto neighbors. The stakes could not be higher: reliability failures threaten our economy and public safety, while unfair costs undermine public support for grid investment and participation in federal markets. We implore FERC to use its rulemaking authority to restore balance.

We appreciate the Commission's consideration of these comments and stand ready to assist in creating solutions that secure our energy future.

Sincerely,

John Hoeven
U.S. Senator

Kevin Cramer
U.S. Senator

Julie Fedorchak
Member of Congress